

**JSC "Rīgas juvelierizstrādājumu rūpnīca"**  
**Unified registration Nr. 40003044420**  
**Address : Terēzes iela 1, Rīga LV-1012**

**Main activities:**  
**processing of precious metals**

**Unit: LVL**

## ***Annual report***

***of the period from 01.01.2011 to 31.12.2011***  
***that has been prepared according to the legislation standards of the Republic of Latvia***

**State Revenue Service territorial office: Latgale suburb department**

**Submission date:** \_\_\_\_\_

**Date of receipt:** \_\_\_\_\_

***Rīga***

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## **Management Report**

### **Information about the Company**

AS „Rīgas juvelierizstrādājumu rūpnīca” registered office is at 1 Terezes Street, Riga, LV-1012.  
The Company is registered in the Commercial Register under unified registration number 40003044420.  
The equity capital of the company is 4 742 980 LVL that is divided into 4742980 shares with share's nominal value of 1 LVL.  
Chairman of the Company's Board is Vladimirs Cadovičs, other Members of the Board: Alefina Struleviča and Aleksandrs Ančevskis.

The Company's Auditor is Certified Auditor Aivars Rutkis (Certificate No. 18).

The Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Igors Istomins – 1 160 000 shares

Vladimirs Cadovičs – 531 785 shares

"MALEKS S" SIA - 239 200 shares

Others - 56 persons with shares 5% or less of the total number of shares 1 271 995  
The Company has no operative and financial leasing, or bank's credits, loans or borrowings. Assets set out on the Company's balance sheet are not encumbered.

### **The Company's business for the accounting year**

AS „Rīgas juvelierizstrādājumu rūpnīca” business is processing of precious metals, production and repairs of jewelry.

#### Name, address, telephone of the structural unit for economic activity:

workshop: 1 Terezes Street, Riga, LV-1012, tel. 67277365

pawnshop: 1 Terezes Street, Riga, LV-1012, tel. 67277365, closed on 02.09.2011.

AS „Rīgas juvelierizstrādājumu rūpnīca” has no holding and subsidiary companies.

#### The Company closed its fiscal year with the results as follows:

Result before extraordinary items and taxes is: 43 379 LVL

Net result: 39 654 LVL

Net turnover for 01.01.2011- 31.12.2011 was equal to 370 828 LVL. It has increased 1,5 times compared with the previous accounting period.

In 2011 the Company efficiently cooperated with Lithuanian company FORTUNATAS.  
Expanding its range of jewelry, in 2011 the Company started cooperating with Spanish company Aragon Carmona.

In order to improve cooperation with current customers and to attract new customers, the Company presented its product collections on the Internet at: [www.rigagold.lv](http://www.rigagold.lv).  
In 2011 the Company expanded its range of jewelry, following the customers' requirements and the latest fashion tendencies.

### **Events for developing the Company**

Taking into consideration the global financial crisis, the Company plans to implement its new business ideas, researching local and foreign markets for reaching better sales results.

It intends to develop the existing Internet homepage, offering its range of jewelry.

The Company plans to involve partners from the European member-states and Russia for producing new jewelry models, and to create much more efficient opportunities for cooperating with wholesalers in Latvia.

It intends also to analyze paying capacity of customers and to sell products in accordance with the results of analysis, in some cases correcting payment terms.

For mastering new sales markets, the Company should make considerable investments, which are currently impossible without attracting additional funds. Efforts made by the Company's Board and Council in finding investors with their market niche gave no results so far.

One of the key targets for 2012 is to develop the new advertising concept aimed at popularizing the Company's products in the Latvian market.

### **Circumstances and events following striking a balance**

From the last date of the accounting year till today there were no any events that could substantially affect the results set out in the annual accounts.

### **Related companies**

The Company has its related company SIA "Grabes pansija", unified reg. No. 40003648860, 1 Terezes Street, Riga.

Vladimirs Cadovičs is a holder of a 100% share in the authorized capital of [SIA "Grabes pansija"](#).

### **Suggestions regarding distribution of profit**

The Company's profit will be used for covering losses for the previous periods.

**Chairman of the Board**

**Vladimirs Cadovičs**

**Member of the Board**

**Alektina Struleviča**

**Member of the Board**

**Aleksandrs Ančevskis**

The Annual Accounts were approved by Minutes No. 1/2012 of the Meeting of the Shareholders on April 27, 2012.

***Statement on the Company management responsibility***

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The Company management shall be held responsible for development of financial statements, based on the initial bookkeeping records concerning each accounting period, which is true and impartial reflection of financial condition of the Company at the 31.12.2011

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2011- 31.12.2011, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made.

The Company management shall be held responsible for conducting of appropriate bookkeeping accounts, for maintenance of the Company funds, as well as for prevention of fraudulent activities and other on other ignominies.

Hereby it is confirmed by the Company management that data and explanations requisite for the audit have been provided thereby.

**Chairman of the Board**

**Vladimirs Cadovičs**

**Member of the Board**

**Alektina Struleviča**

**Member of the Board**

**Aleksandrs Ančevskis**

### **INFORMATION about the COMPANY**

**Name of the Company** *JSC "Rīgas juvelierisrādājumu rūpnīca"*

**Legal Status of the Company** *Joint Stock company*

**Unified Registration №, place and date of incorporation** *40003044420  
10 th December 1991*

**Legal address** *Terēzes 1, Rīga, LV-1012*

**Mailing address** *Terēzes 1, Rīga, LV-1012*

**Name of the Bank and bank accounts of the company** *JSC "SEB banka"  
LV62UNLA 0001000243901*

<b>Shareholders and their shares %</b>	<b>2011</b>	<b>2010</b>
Vladimirs Cadovičs	11.21%	11.21%
Oļegs Perežilo	-	8.01%
Igors Istomins	24.46%	24.46%
Marija Ančevska	32.47%	24.46%
"MALEKS S" SIA	5.04%	0.00%
Others	26.82%	31.86%

**Composition of the Council members** *Vidis Zaķis  
Igors Istomins  
Eļena Vasuļa  
Jurijs Čerņecovs  
Tatjana Reznigskā*

#### **Composition of the Board of Directors members**

Chairman of the Board *Vladimirs Cadovičs*  
Member of the Board *Aleština Struļeviča*  
Member of the Board *Aleksandrs Ančevskis*

**For the period** *from 01.01.2011 to 31.12.2011*

**Previous period** *from 01.01.2010 to 31.12.2010*

**Accountant** *Natalja Beļšova*

**Average number of employees** 16

**Information about off-balance liabilities and pledged assets** *Off-balance assets/liabilities are formed as reserves of the doubtful debtors.  
Total off-balance sum of assets/reserves is 942 LVL.*

**Auditor** *Aivars Rutkis 240254-12201  
certified auditor  
(LZRA cert.Nr.18)  
  
Minutes No. 1/2012 of the Meeting of the Shareholders on 27.04.2012*

**BALANCE SHEET**

<i>ASSETS</i>	Appendices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>I. Long-term investments</b>					
<b>I Fixed assets</b>					
Land, buildings, constructions and perenial plantations		103 077	112 097	146 665	159 500
Equipment and machinery		103	305	147	434
Other fixed assets and inventory		4 986	6 456	7 094	9 186
<b>Total fixed assets</b>		<b>108 166</b>	<b>118 858</b>	<b>153 906</b>	<b>169 120</b>
<b>II Investment property</b>		33 264	36 198	47 330	51 505
<b>Total investment property</b>		<b>33 264</b>	<b>36 198</b>	<b>47 330</b>	<b>51 505</b>
Total long-term investments	1	<b>141 430</b>	<b>155 056</b>	<b>201 236</b>	<b>220 625</b>
<b>2. Current assets</b>					
<b>III Inventory</b>					
Raw materials, direct materials and auxiliary materials	2	225 269	258 444	320 529	367 733
Unfinished products	3	158 878	115 333	226 063	164 104
Finished products and products for sale	4	159 362	212 370	226 752	302 175
Advance payments for goods	5	87	340	124	484
<b>Total inventory</b>		<b>543 596</b>	<b>586 487</b>	<b>773 468</b>	<b>834 496</b>
<b>IV Indebtedness of the debtors</b>					
Debts of the customers and clients	6	342 462	279 205	487 280	397 272
Other debtors	7	193	11	275	16
Expenses of the subsequent period	8	473	628	673	894
<b>Total debtors</b>		<b>343 128</b>	<b>279 844</b>	<b>488 228</b>	<b>398 182</b>
<b>Funds (total)</b>	9	<b>68 747</b>	<b>73 514</b>	<b>97 818</b>	<b>104 601</b>
<b>Total current assets</b>		<b>955 471</b>	<b>939 845</b>	<b>1 359 514</b>	<b>1 337 279</b>
<b>Grand total assets</b>		<b>1 096 901</b>	<b>1 094 901</b>	<b>1 560 750</b>	<b>1 557 904</b>

### BALANCE SHEET

Liabilities	Appendixes	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>I Equity capital</b>					
Stock or share capital (fixed capital)	10	4 742 980	4 742 980	6 748 653	6 748 653
Revaluation reserves of long-term investments		108 258	113 956	154 037	162 145
Undistributed profit					
a) undistributed profit from previous year		(3 816 246)	(3 796 160)	(5 430 029)	(5 401 449)
b) undistributed profit for the reporting year		39 654	(20 086)	56 423	(28 580)
<i>Total undistributed profit</i>		(3 776 592)	(3 816 246)	(5 373 606)	(5 430 029)
<b>Total equity capital</b>		<b>1 074 646</b>	<b>1 040 690</b>	<b>1 529 084</b>	<b>1 480 769</b>
<b>II Reserves</b>	11	4 961	3 219	7 059	4 580
<b>Total reserves</b>		<b>4 961</b>	<b>3 219</b>	<b>7 059</b>	<b>4 580</b>
<b>III Creditors</b>					
<b>2 Short-term debts</b>					
Indebtedness to suppliers and contractors	12	1 026	30 241	1 460	43 029
Taxes and social security liabilities	13	7 555	11 598	10 750	16 502
Other creditors	14	3 985	3 031	5 670	4 313
Accrued liabilities	15	4 728	6 122	6 727	8 711
<b>Total short-term debts</b>		<b>17 294</b>	<b>50 992</b>	<b>24 607</b>	<b>72 555</b>
<b>Total creditors</b>		<b>17 294</b>	<b>50 992</b>	<b>24 607</b>	<b>72 555</b>
<b>Grand total liabilities</b>		<b>1 096 901</b>	<b>1 094 901</b>	<b>1 560 750</b>	<b>1 557 904</b>

\* Accumulation for vacations on 31.12.2010 are reclassified from accrued liabilities to reserves

Reclassification of items doesn't influence net profit in the reporting period and items of an equity capital

Appendix from Page 13 to 23 is an integral part to the present financial statement

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleština Struļeviča

Member of the Board

Aleksandrs Ančevskis

2012 " 27 th" March



## **PROFIT or LOSS STATEMENT'S CALCULATIONS**

(by turnover expenditure method)

Parameters	Appendixes	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Net turnover	16	370 828	245 825	527 641	349 777
Manufacturing expenditures of sold products	17	-186 322	-197 192	-265 112	-280 579
<b>Gross profit or loss</b>		<b>184 506</b>	<b>48 633</b>	<b>262 528</b>	<b>69 198</b>
Selling expenses	18	-97 493	-102 527	-138 720	-145 882
Administrative expenses	19	-79 783	-72 480	-113 521	-103 130
Other operating revenue	20	44 713	127 365	63 621	181 224
Other operating expenses	21	-8 564	-17 194	-12 185	-24 465
Other interest income and similar income	22	-	104	104	148
Other interest expenses and similar expenses		-	-78	104	-111
<b>Profit or loss before extraordinary items and taxes</b>		<b>43 379</b>	<b>-16 177</b>	<b>61 723</b>	<b>-23 018</b>
<b>Profit or loss before taxation</b>		<b>43 379</b>	<b>-16 177</b>	<b>61 723</b>	<b>-23 018</b>
<b>Other taxes</b>	23	<b>-3 725</b>	<b>-3 909</b>	<b>5 300</b>	<b>-5 562</b>
<b>Profit or loss in the reporting year</b>		<b>39 654</b>	<b>-20 086</b>	<b>56 423</b>	<b>-28 580</b>
<b>Profit or loss per one stock in a year</b>		<b>0.008</b>	<b>-</b>	<b>0.008</b>	<b>-</b>
<b>Profit or loss per one stock from the beginning</b>		<b>-0.796</b>	<b>-0.805</b>	<b>-0.796</b>	<b>-0.805</b>

*Appendix from Page 13 to 23 is an integral part to the present financial statement*

***Report on changes in the equity capital in 2011 and 2010***

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Profit in the reporting year	Total equity capital
	LVL	LVL	LVL	LVL	LVL
<b>Remaining amount on 31 December 2009</b>	<b>4 742 980</b>	<b>119 954</b>	<b>(3 738 325)</b>	<b>(57 835)</b>	<b>1 066 774</b>
Transferred losses			(57 835)	57 835	-
Losses in the reporting year				(20 086)	<b>(20 086)</b>
Reduction of reserves		(5 998)			<b>(5 998)</b>
<b>Remaining amount on 31 December 2010</b>	<b>4 742 980</b>	<b>113 956</b>	<b>(3 796 160)</b>	<b>(20 086)</b>	<b>1 040 690</b>
Transferred losses			(20 086)	20 086	
Losses in the reporting year				39 654	<b>39 654</b>
Reduction of reserves		(5 698)			<b>(5 698)</b>
<b>Remaining amount on 31 December 2011</b>	<b>4 742 980</b>	<b>108 258</b>	<b>(3 816 246)</b>	<b>39 654</b>	<b>1 074 646</b>

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Profit in the reporting year	Total equity capital
	EUR	EUR	EUR	EUR	EUR
<b>Remaining amount on 31 December 2009</b>	<b>6 748 653</b>	<b>170 679</b>	<b>(5 319 157)</b>	<b>(82 292)</b>	<b>1 517 883</b>
Transferred losses			(82 292)	82 292	-
Losses in the reporting year				(28 580)	<b>(28 580)</b>
Reduction of reserves		(8 534)			<b>(8 534)</b>
<b>Remaining amount on 31 December 2010</b>	<b>6 748 653</b>	<b>162 145</b>	<b>(5 401 449)</b>	<b>(28 580)</b>	<b>1 480 769</b>
Transferred losses			(28 580)	28 580	-
Losses in the reporting year				56 423	<b>56 423</b>
Reduction of reserves		(8 108)			<b>(8 108)</b>
<b>Remaining amount on 31 December 2011</b>	<b>6 748 653</b>	<b>154 037</b>	<b>(5 430 029)</b>	<b>56 423</b>	<b>1 529 084</b>

*Appendix from Page 13 to 23 is an integral part to the present financial statement*

**Chairman of the Board**

**Vladimirs Cadovičs**

**Member of the Board**

**Alefina Struļeviča**

**Member of the Board**

**Aleksandrs Ančevskis**

**CASH FLOW STATEMENT**  
**(by direct method)**

	Appendixes	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>I. Cash flow from main activities</b>					
Revenue from the sales of the products and provided services		244 645	174 577	348 098	248 401
Payments to suppliers, staff, other expenditures on main activities		-333 061	-261 641	-473 903	-372 282
Other revenues and expenditures on main activities		90 321	81 040	128 515	115 310
<b>Gross cash flow of the main activities</b>		<b>1 905</b>	<b>-6 024</b>	<b>2 711</b>	<b>-8 571</b>
Expenditures on tax payments for the real property (-)	26	-3 725	-3 909	-5 300	-5 562
<b>Cash flow before extraordinary items</b>		<b>-1 820</b>	<b>-9 933</b>	<b>-2 590</b>	<b>-14 133</b>
<b>Net cash flow of the main activities</b>		<b>-1 820</b>	<b>-9 933</b>	<b>-2 590</b>	<b>-14 133</b>
<b>II. Cash flow of investment activities</b>					
Acquisition of fixed assets and intangible investments	1	-2 947	-563	-4 193	-801
Received interest	22	-	104	-	148
<b>Net cash flow of investment operations</b>		<b>-2 947</b>	<b>-459</b>	<b>-4193</b>	<b>-653</b>
<b>V. Net cash flow in the reporting year</b>		<b>-4 767</b>	<b>-10 392</b>	<b>-6 783</b>	<b>-14 786</b>
<b>VI. Cash and its equivalents at the beginning of the period</b>		<b>73 514</b>	<b>83 906</b>	<b>104 601</b>	<b>119 387</b>
<b>VII. Cash and its equivalents at the end of the period</b>		<b>68 747</b>	<b>73 514</b>	<b>97 818</b>	<b>104 601</b>

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Alektina Struleviča

Member of the Board

Aleksandrs Ančevskis

**REVALUATION RESERVES OF LONG-TERM INVESTMENTS**  
**(taxation period: 01.01.2011-31.12.2011.)**

	Total LVL	Included	
		for fixed assets	for long-term investments
<b>According to the balance on 31.12.2009.</b>	<b>119 954</b>	119 954	
Decrease from the revaluated object (calculations of financial depreciation)	(5 998)	(5 998)	
<b>According to the balance on 31.12.2010.</b>	<b>113 956</b>	<b>113 956</b>	-
- from the calculations of depreciation	(5 698)	(5 698)	
<b>According to the balance on 31.12.2011.</b>	<b>108 258</b>	<b>108 258</b>	

	Total EUR	Included	
		for fixed assets	for long-term
<b>According to the balance on 31.12.2009.</b>	<b>170 679</b>	170 679	
Decrease from the revaluated object (calculations of financial depreciation)	(8 534)	(8 534)	
<b>According to the balance on 31.12.2010.</b>	<b>162 145</b>	<b>162 145</b>	-
- from the calculations of depreciation	(8 108)	(8 108)	
<b>According to the balance on 31.12.2011.</b>	<b>154 037</b>	<b>154 037</b>	

**Chairman of the Board**

**Vladimirs Cadovičs**

**Member of the Board**

**Alektina Struleviča**

**Member of the Board**

**Aleksandrs Ančevskis**

## ***Annexes to the Annual Accounts***

### **1. Accounting Policy**

**Figures are set out in the Financial Statements in the Latvian national currency - lats (LVL), in abbreviated form - Ls, and EUR in accordance with the requirements of Paragraph 13.3.3. of the Regulations for Riga Stock Exchange On Listing of and Trading in Financial Instruments in the Markets Regulated by the Exchange.**

#### **General Principles**

The Annual Accounts are prepared in accordance with laws of the Republic of Latvia *On Accounting* and the *Annual Accounts Law* and requirements of Regulations No. 488, 481 issued by the Cabinet of Ministers of the Republic of Latvia on June 21, 2011.

[Latvian Accounting Standards are applicable as good practice guidelines.](#)

(LAS): LAS 1 Financial Reporting Guidelines, LAS 2 Statement of Cash Flow, LAS 3 Events after the Balance Sheet Date, LAS 4 Accounting Police Change, Changes in Accounting Estimates and Prior Period Errors, LAS 5 Long-Term Agreements, LAS 6 Income, LAS 7 Fixed Assets, LAS 8 Provisions, Contingent Liabilities and Contingent Assets and LAS 9 Investment Property.

Profit or Loss Account is prepared in accordance with the turnover costs method.

Statement of Cash Flow is prepared according to the direct method.

The Annual Accounts provide a true and fair view of the assets and liabilities, financial position, profit or loss of the Company.

The accounting policy ensures that the financial statements provide information that:

1. Is adequate for users of the Annual Accounts in order to take decisions;

2. Is reliable, since the Accounts:

\* correctly disclose the Company's results and financial situation - reflecting economic content and nature of transactions, not just their legal form, they are neutral, not subjective, and prepared in accordance with the principle of carefulness;

\* are complete in all substantial aspects.

#### **Changes in the accounting policy**

Compared with the previous accounting year, the accounting policy for the public utility services accounting for lessors of premises was changed. If the requirements of the new foreign regulatory enactments and Latvian Accounting Standards or voluntarily changed accounting policy affect the accounting period or any previous period, the requirements of LAS 4 shall apply.

#### **Correction of mistakes**

The Company corrects serious mistakes for previous periods retroactively in the first financial statements approved for publication after detecting mistakes:

1) correcting comparable figures for the periods in which relevant mistake occurred; or

2) if mistake occurred prior to the period stated in the latter financial statement, correcting assets, liabilities or shareholders' equity balances of the beginning of the latter period as stated.

#### **Applied accounting principles**

The Annual Accounts items are evaluated according to the following accounting principles:

a) it is assumed that the company will continue as a going concern;

b) the same evaluation principles as in the previous accounting year are applied;

c) the evaluation is carried out with appropriate care, observing the following conditions:

- only the profit earned before the balance sheet date is included in the accounts;

- all foreseeable amounts at risk and losses that have occurred during the accounting year or previous years, even if they have become known during the time period between the balance sheet date and the date when the annual accounts are signed, are taken into account;

- all decrease in value and depreciation amounts are calculated and taken into account regardless of whether the accounting year has closed with a profit or a loss;

d) income and expenses related to the accounting year are included in the profit or loss account regardless of the payment date or the date of receipt or issue of the invoice. Expenses are accord with income for the respective accounting periods;

e) assets and liabilities item elements are evaluated separately;

f) the opening balance sheet of the accounting year accords with the closing balance sheet of the previous accounting year;

g) all items that have a significant influence on the evaluation or taking of decisions by the users of the annual accounts are set out;

h) economic activities of the company are reflected, taking into account their economic content and nature, not just their legal form.

#### **Accounting period**

**from 01.01.2011 till 31.12.2011.**

#### **Transactions in foreign currencies**

Figures are set out in these financial statements in the Latvian national currency - lats (LVL).

All monetary assets and liabilities in foreign currencies are re-calculated into lats according to the exchange rate set by the Bank of Latvia on the last date of the accounting year.

Differences in currency exchange rates, resulting from settlements in foreign currencies or, reflecting asset and liability items, applying the exchange rates different from those initially applied for recording the transactions, are recognized in the Profit or Loss Account at their net value.

Profit or loss resulting from fluctuations of the foreign currency exchange rates are reflected in the Profit or Loss Account for relevant period. Foreign currency exchange rates at the end of the accounting period for the past two years were the following:

	<b>2011.12.31</b>	<b>2010.12.31</b>
EUR	0.702804	0.702804

### Long-term and short-term items

Short-term assets include the following amounts of assets:

- \* which are intended to be sold or consumed within the cycle of normal activity of the Company;
- \* which are held mainly for trading purposes or for a short time and intended to be sold within twelve months following the balance sheet date;
- \* cash or cash equivalents with the unlimited use possibilities.

Other assets are classified as long-term.

Short-term liabilities include amounts of liabilities:

- \* for which it is planned to settle accounts within the cycle of normal activity of the Company;
- \* there shall be settled accounts for them within twelve months following the balance sheet date.

Other liabilities are classified as long-term.

### Depreciation of intangible assets and fixed assets

*Fixed assets:*

Fixed assets include physical objects with their useful life exceeding 12 calendar months and their acquisition value being 100,- Ls and more.

Fixed assets do not include work tools, production equipment, auxiliary facilities and obligatory work clothing, footwear and other objects, irrespective of their useful life and acquisition value. All fixed assets are initially evaluated at the acquisition value.

Revaluation of fixed assets is based on relevant conditions.

Fixed assets are set out at the acquisition or re-valuation value less depreciation. Depreciation is calculated according to the linear method for the period of useful life of relevant fixed asset in order to write off value of fixed asset to its estimated depreciation value at the end of the period of its useful life, applying the following rates approved by the Company's management:

* Buildings and structures	5	%
* Technological equipment	20	%
* Vehicles	20	%
* Furniture	20	%
* Other fixed assets	20	%
* Mobile phones	35	%
* Computers and data storage equipment	35	%

\* Depreciation of parcels of land is not calculated.

Fixed asset current repair and maintenance costs are included in the Profit or Loss Account for the period when they have occurred. Profit or loss from the exclusion of fixed assets is calculated as a difference between the book value and income resulting from sale of fixed asset, and is included in the Profit or Loss Account for the period when it has occurred.

### Lease

If fixed assets are leased, then repair and improvement costs are set out as Long-Term Investments into Leased Fixed Assets, and are gradually written off as expenses within the period of lease.

Lease of assets, within which the lessor assumes practically all of the ownership-related risks and acquires compensation is classified as operative lease. Operative lease payments are recorded as expenses for all the lease period, applying the linear method.

### Long-term financial investments

Long-term financial investments include the Company's acquisition (shares), long-term loans, long-term investments.

Long-term financial investments include the investments with the repayment periods longer than one year, following the accounting year.

### Evaluation of stocks

Goods received and delivered are registered in the RAMUS computer program.

Wholesale traders apply method for continuous inventory of product movements. For the accounting year, the storehouse reporting program has reflected each movement of stocks - sale, internal movement, return of goods to suppliers, goods returned by buyers. The purpose of the annual inventory is to check the correctness of the stocks movement records.

Stocks are evaluated, applying the FIFO method.

If necessary, decrease in value of obsolete, low-turnover or damaged stocks is written off, or provisions are formed for them.

Material values not used and goods balances at the end of the accounting period are evaluated according to their acquisition value, adding additional expenses (customs duties, transport costs, suppliers' services, etc.), which are attributable to the balances to be evaluated.

### Acquired inventory value is written off:

- a) for the objects of value not exceeding 10,- Ls in putting them into operation;
  - b) for the objects of value 10,- Ls and more, are recorded on the stocks sub-account opened for that purpose in the quantity and at the acquisition value, and 50% of the acquisition value is written off in delivering inventory and another 50% in becoming fully depreciated that is confirmed by the writing-off certificate.
- Stocks balances are checked in the course of the annual stock-taking procedure.

### Accounts receivable

Accounts receivable are evaluated, observing the principle of carefulness, stating only real debtors on the balance sheet. Actual sums of debtors comply with those stated in the agreements and other accounting source documents. Accounts receivable are reconciled, bad debts are written off and provisions for dubious debts are formed on the basis of results of evaluation of the financial situation and economic activities of each customer individually.

Accounts receivable are set out on the balance sheet at their net (acquisition) value, deducting from the initial value special provisions for dubious debts.

2. Provisions for dubious debts are estimated when full recovery of debt is not reliable.

3. Amount of provision as required is determined, individually evaluating each debtor and reconciling accounts receivable.

Bad debts and provisions for dubious debts are written off when their recovery is considered impossible.

1. Amounts of accounts receivable and payable are checked within the 4th quarter of each accounting year, issuing relevant reconciliation report.

2. Accounts receivable and payable are reconciled by relevant reconciliation reports.

Differences detected in reconciling data of accounting registers are regulated in the annual accounts.

### **Net turnover**

Net turnover is a total value of products sold and services provided for the year, less granted discounts and value-added tax. Income from sale of goods is recognized, when buyer accepted goods in accordance with conditions for goods supply. Income from sale of goods outside Latvia is recognized in accordance with conditions for the goods supply.

### **Recognition of income and expenses**

1. Income from sale of goods shall be recognized where the transaction complies with the following conditions:

- a) the Company assigned to the buyer substantial risks related to the ownership of goods and compensations;
- b) the Company holds no subsequent management rights related to ownership and actual control over the products sold;
- c) amount of income can be accurately evaluated;
- d) it is obvious that the Company will receive economic benefits related to the transaction;
- e) costs that have occurred or will occur in relation to the transaction can be exactly evaluated.

Sale of goods is reflected taking into account economic nature of the transaction, not just its legal form.

2. Outcome of the transaction related to provision of services can be accurately estimated, if all the below conditions are observed:

- a) amount of income can be accurately evaluated;
- b) it is obvious that the Company will receive economic benefits related to the transaction;
- c) it can be accurately evaluated which is the percentage of the amount of provided services as of the balance sheet date;
- d) there can be accurately evaluated the current transaction expenses and expenses that will be necessary for completing the transaction.

3. Income from lease - at the time they have occurred;

All substantial cost items are recorded according to the accrual principle.

### **Cash and cash equivalents**

Cash and cash equivalents include cash at the cash desk and balances on current bank accounts.

### **Fair value of financial assets and liabilities**

Fair value of financial assets and liabilities reflects the amount of funds for which relevant asset could be sold or relevant liabilities could be discharged between two independent persons. If in the management's opinion, fair value of financial assets and liabilities substantially differs from their book value, then fair value of such assets and liabilities is set out separately in appendices to the financial statements.

### **Long-term investment re-valuation reserve**

Increase in value included in the long-term investment re-valuation reserve is reduced, recognizing the decrease in the Profit or Loss Account during the time of using the gradually re-valuated fixed asset, in each accounting period writing off the amount, which is calculated: depreciation for the fixed asset re-valuated value - depreciation for the fixed asset acquisition value.

### **Accounts payable**

Balances of accounts payable are set out on the balance sheet in accordance with source documents and records in the accounting registers, they are accorded with the accounting data of creditors.

These debts are divided into short-term or long-term debts (liabilities) respectively. Short-term liabilities include liabilities that occurred in the course of normal activities and those shall be settled within 12 months following the balance sheet date. Long-term liabilities include liabilities for which the Company shall start making payments not earlier than one year after the end of the accounting year. Loan and lease liabilities are divided into the short-term and long-term respectively.

### **Provisions**

Provisions are intended to cover liabilities of a certain kind, which are attributable to the accounting period or previous periods, which are expected or known during the time of drawing up the annual accounts and which do not exceed certain amounts.

Amount of certain provisions is calculated in accordance with methods approved by the Company.

### **Provisions for unused vacations**

Amount of provisions is determined, by calculating for each employee separately how many days of unused vacation are attributable exactly to this accounting period, applying duration of vacation as determined in the Labor Law and the state social insurance payment norm - at the end of the accounting year.

### **Loans and borrowings**

Loans and borrowings are initially set out at their original value that is determined in accordance with fair value of the amount of relevant loan or borrowing at the transaction time.

Outstanding loans obtained from lending institutions are reconciled at the end of the accounting year with data of relevant lending institution. Amounts of outstanding loans in foreign currencies are evaluated according to relevant exchange rate set by the Bank of Latvia on the last date of the accounting year.

### **Accrued liabilities**

All invoices received or issued on the date following the accounting year for the costs occurred during the accounting year, if amount of such costs or payment date are known exactly at the time of preparing the annual accounts, are recognized as accrued liabilities.

Accrued liabilities are set out on the balance sheet in a separate row.

### **Taxes**

Enterprise income tax costs for the accounting year are included in the financial statement, in accordance with the tax rates determined on the balance sheet date, and calculations based on the taxation law of the Republic of Latvia.

Deferred tax is calculated, using deferred method in relation to all temporary differences between asset and liability values in the financial statements and such values for the purpose of calculation of taxes. To calculate the deferred tax, there are applied the tax rates effective on the balance sheet date that are expected in the periods when relevant deferred tax assets are planned to be sold or relevant deferred tax liabilities are planned to be settled for the next taxation periods and from the accrued expenses deducted for the purpose of taxes in the next taxation periods.

Deferred tax assets are recognized, if there exists large probability that taxable profit will be earned, to which there can be attributed a temporary difference to be deducted.

In the event that the total deferred tax calculation result should be reflected in the balance sheet assets, it is included in the financial statements when its recovery can be reliably expected.  
Tax liabilities were reconciled with data in the State Revenue Service.

### Estimations

In preparing the financial statements, management has to take as a basis the known assumptions and estimations that affect some amounts and explanations set out in the financial statements. Thus, actual results could differ from such estimations. Pursuant to the laws of Latvia, in preparing the financial statements, the Company's management shall evaluate and make assumptions affecting assets and liabilities set out in reports and off-balance-sheet items on the date of preparing annual accounts, and income and expenses set out for the accounting period. Actual results can differ from such estimations, (e.g.: deferred enterprise income tax liabilities, vacation reserve, etc.)

### Contingent liabilities and assets

Contingent liabilities are not recognized in these financial statements, they are recognized in the appendix to the financial statements. Liabilities are recognized only if the probability that funds will be provided is sufficiently grounded. Contingent assets are not recognized in these financial statements. Contingent assets are recognized in the appendix to the financial statements when the probability that economic benefits related to the transaction will reach the Company is sufficiently grounded.

### Events after the end of the accounting year

In preparing the financial statements, there are taken into account such events after the end of the accounting year as providing additional information about the Company's financial situation on the date of preparing the balance sheet (adjusting events). If the events after the end of the accounting year are not adjusting, they are reflected in the appendix to the financial statements, if they are significant.

### Related parties

Related parties include the Company's employees, members of the Board, their immediate family members and the companies in which the aforesaid persons have control or significant influence.

### Re-classification of items

In 2011, due to the changes in law and management opinion, classification of items was changed compared with the annual accounts for 2010.

Comparable figures for 2010 in the annual accounts for 2011 are classified according to the principles of 2011 and are comparable. The following data in the balance sheet liabilities as of 31.12.2010 are re-grouped.

Items re-grouped	After re-grouping	Prior to re-grouping
<b>Provisions for vacations:</b>		
Other provisions	3 219	
Accrued liabilities		3 219



Appendixes to the annual report

**2.Explanatory notes to the items of the balance sheet**

**1.Fixed assets**

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total LVL	Total EUR
<b>Initial Value</b>							
<b>31.12.2010.</b>	58 700	180 389	46 828	64 356	74 026	424 299	603 723
Acquisition			2 947			2 947	4 193
Written off			(5 529)			(5 529)	(7 867)
<b>31.12.2011.</b>	58 700	180 389	44 246	64 356	74 026	421 717	600 049
<b>Depreciation</b>							
<b>31.12.2010.</b>	22 502	68 292	40 372	64 051	74 026	269 243	383 098
Calculated	2 934	9 020	4 417	202		16 573	23 581
Written off			(5 529)			(5 529)	(7 867)
<b>31.12.2011.</b>	25 436	77 312	39 260	64 253	74 026	280 287	398 812
<b>Residual value</b>							
<b>31.12.2010.</b>	36 198	112 097	6 456	305	-	155 056	220 625
<b>Residual value</b>							
<b>31.12.2011.</b>	33 264	103 077	4 986	103	-	141 430	201 237

Fixed assets in the balance sheet are reflected in residual value

It is paid for all the fixed assets bought in 2011. Residues of fixed assets on 31.12.2011 are checked in stocktaking on 31.12.2011.

Buildings, constructions and vehicles are insured.

**Real Estate property includes buildings:**Notif. Nr.PIPN-12-46868-mp/12-46570-AL/05-07 from 03.02.2012.

- Cadastre Nr. 0100 035 0142 004, Rīga, property assessed value - 52 461 Ls;
- Cadastre Nr.0100 035 0142 006, Rīga, property assessed value - 111 650 Ls;
- Cadastre Nr.0100 035 0143 003, Rīga, property assessed value - 69 564 Ls;
- Cadastre Nr.0100 035 0144 002, Rīga, property assessed value - 7 682 Ls;
- Cadastre Nr.0100 035 0146 001, Rīga, property assessed value -5591 Ls;

All fixed assets are used in economic activity. Fixed assets are not encumbered.

71 fixed assets have residual value "0" (initial value - 84 896 Ls)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>2. Raw materials, direct materials and auxiliary materials</b>				
gold	169 986	202 287	241 868	287 828
silver	3 107	2 087	4 421	2 970
precious stones, semiprecious stones	46 883	48 362	66 708	68 813
other auxiliary materials	-	49	-	70
low-value materials and inventory	642	741	913	1 054
low-value materials and inventory	642	741	913	1 054
Fuel (a/m)	30	47	43	67
Instruments	4 583	4 583	6 521	6 521
materials for current repairs	38	288	54	410
<b>Total</b>	<b>225 269</b>	<b>258 444</b>	<b>320 529</b>	<b>367 733</b>
<b>3.Unfinished products</b>	158 878	115 333	226 063	164 104
Unfinished products and orders	<b>158 878</b>	<b>115 333</b>	<b>226 063</b>	<b>164 104</b>
<b>4. Finished production and goods for sale</b>	159 362	212 370	226 752	302 175
<b>Total</b>	<b>159 362</b>	<b>212 370</b>	<b>226 752</b>	<b>302 175</b>
<b>5. Advance payments for products</b>	87	340	124	484
To LLC/SIA/ NESTE for fuel	<b>87</b>	<b>340</b>	<b>124</b>	<b>484</b>
<b>Total</b>				
<b>6. Debts of customers and clients</b>				
Payments for jewellery	328 737	246 543	467 751	350 798
Pawnshop's credit for pledge	-	3 618	-	5 148
Purification of gold	2 763	16 969	3 931	24 145
Payments for lease	11 904	14 866	16 938	21 152
Accumulation for doubtful debtors Ltd "Inze plus"	-942	-2 791	-1 340	-3 971
<b>Total net debts of customers and clients</b>	<b>342 462</b>	<b>279 205</b>	<b>487 280</b>	<b>397 272</b>
<b>off the balance</b>				
<b>accumulation for doubtful debtors on 31.12.2010</b>	<b>2 791</b>			
<b>increase</b>	942			
<b>decrease</b>	-2 791			
<b>accumulation for doubtful debtors on 31.12.2011</b>	<b>942</b>			

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>7.Other debtors</b>				
Overpayment ARAGON CARMONA S.L.	182		259	
Security sum VENDEN	11	11	16	16
<b>Total</b>	<b>193</b>	<b>11</b>	<b>275</b>	<b>16</b>

#### 8. Expenditures for the subsequent period

Insurance of the transport	52	159	74	226
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	219	115	312	164
Newspapers, journals	202	354	287	504
<b>Total</b>	<b>473</b>	<b>628</b>	<b>673</b>	<b>894</b>

#### 9. Money resources

Money in cash	6 158	8 516	8 762	12 117
Money in operating accounts	62 589	64 998	89 056	92 484
<b>Total</b>	<b>68 747</b>	<b>73 514</b>	<b>97 818</b>	<b>104 601</b>

#### 10. Information on the aggregate own stocks and shares of the company.

The JSC was founded on the 10 th December in 1991 with fixed capital Ls 4742980, composed of 4742980 shares,

share per value constituting Ls 1,-

All the stocks are ordinary stocks with voting rights.

From the totality of Company stocks 4 493 700 stocks are bearer stocks in dematerialized form.

From the totality of Company stocks 249 280 are registered stocks in dematerialized form.

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
<b>11. Accumulation</b>				
Accumulation for unused vacations:	4 961	3 219	7 059	4 580
increased in the reporting year	-	-	-	-
decreased in the reporting year	-	-	-	-
<b>Total</b>	<b>4 961</b>	<b>3 219</b>	<b>7 059</b>	<b>4 580</b>

#### 12. Debts to suppliers and contractors (short-term)

VENDEN SIA	-	2	-	3
EPS SIA for carpeting change	14	12	20	17
AM Pakalpojumi SIA	-	91	-	129
Rīgas ūdens	249	228	354	324
FederalExpress Corporation	-	44	-	63
NASDAQ OMX RIGA AS	763	756	1 086	1 076
Koslovskis Miks	-	2	-	3
DIALMA GIOIELLI (Italy)	-	29 106	-	41 414
<b>Total</b>	<b>1 026</b>	<b>30 241</b>	<b>1 460</b>	<b>43 029</b>

#### 13. Taxes and social security payments

Personal Income Tax	1 593	1 118	2 267	1 591
State social security obligatory payments	2 955	2 232	4 205	3 176
Tax of risk of the business activity	3	4	4	6
Natural resources tax	65	79	92	112
Business motor vehicles tax	185	-	263	-
Value added tax	2 754	8 165	3 919	11 618
<b>Total</b>	<b>7 555</b>	<b>11 598</b>	<b>10 750</b>	<b>16 503</b>

#### 14. Other creditors (short-term)

Salaries	3 898	2 866	5 546	4 078
Payments to workers (advance payments)	87	165	124	235
<b>Total</b>	<b>3 985</b>	<b>3 031</b>	<b>5 670</b>	<b>4 313</b>

# 15.Accured liabilities

## *Liabilities for the subsequent period*

Latvenergo	3 201	2 518	4 555	3 583
Latvijas gāze JSC	1 109	3 346	1 577	4 761
For communication services (Lattelecom)	43	52	61	74
For leasing the programme RamusNet	-	120	-	171
For communication services (Latvijas Mobilais telefons)	75	86	107	122
For checking the annual report (SIA LIKKONS un AR)	300	-	427	-
<b>Total</b>	<b>4 728</b>	<b>6 122</b>	<b>6 727</b>	<b>8 711</b>

## Appendixes to the annual report

### 3.Explanatory notes to the items of the profit or loss calculation

16.Net turnover	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Jewellery sale	214 712	175 198	305 508	249 284
Workshops (jewellery repair)	56 257	48 354	80 046	68 802
Pawnshops (jewellery)	759	3 169	1 080	4 509
Sales of investment gold	83 605	-	118 959	-
Jewellery sales in the EU	15 495	-	22 047	-
Production of thermal energy	-	19 104	-	27 183
<b>Total</b>	<b>370 828</b>	<b>245 825</b>	<b>527 640</b>	<b>349 778</b>

### 17. Manufacturing expenditures of sold products

Purchasing and manufacturing expenses of the sold jewels	148 840	42 065	211 780	59 853
Services for manufacturing of the jewels	482	7 156	686	10 182
Investment gold's cost	29 921	-	42 574	-
Direct materials	-	255	-	363
Assaying of jewellery at the State Assay Supervision Inspection	700	1 314	996	1 870
Low-value inventory and tools	1 410	359	2 006	511
Auxiliary materials	-	4	-	6
Changes in stock and value of the unfinished products	4 948	-3 708	7 040	-5 276
Changes in stock and value of the finished products	-	149 548	-	212 788
Insurance of goods	8	97	11	138
An undeducted part of taxes	13	0	18	0
Other expenses	-	102	-	145
<b>Total</b>	<b>186 322</b>	<b>197 192</b>	<b>265 112</b>	<b>280 580</b>

### 18. Selling costs

Workers' salary	38 171	34 461	54 312	49 034
Obligatory social payments for workers	9 036	8 160	12 857	11 611
Accumulations for vacations	-	625	-	889
Advertising expenses	2 134	2 312	3 036	3 290
Residential services (water, electricity, gas)	28 829	33 848	41 020	48 161
Rent of the earth and premises	11 904	13 857	16 938	19 717
Depreciation of fixed assets	7 389	6 794	10 514	9 667
Other selling costs	30	2 470	43	3 514
<b>Total</b>	<b>97 493</b>	<b>102 527</b>	<b>138 720</b>	<b>145 883</b>

### 19. Administrative expenditures

Communication expenditures	2 554	2 491	3 634	3 544
Bank services	281	242	400	344
To "NASDAQ OMX Riga" for shares and other	5 370	5 205	7 641	7 406
Office costs	1 263	1 302	1 797	1 853
Depreciation of the fixed assets (administrative building)	3 280	3 280	4 667	4 667

## Appendixes to the profit or loss calculation (continued)

### Administrative expenditures (continued)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Travelling allowances	672	1 170	956	1 665
Salary of the administration	40 074	34 138	57 020	48 574
Obligatory social payments for workers	9 654	8 224	13 736	11 702
Accumulations for vacations	1 742	39	2 479	55
Payment for the risk of the business activity	49	49	70	70
Security services	8 051	6 356	11 456	9 044
Audits of the report	600	700	854	996
Expenditures on insurance of motor transport	429	325	610	462
Expenditures on motor transport for administration (fuel, repair)	5 334	3 968	7 590	5 646
Expenditures on representation	254	338	361	481
Other administrative expenditures, including expenses on lawyers	176	4 653	250	6 621
<b>Total</b>	<b>79 783</b>	<b>72 480</b>	<b>113 521</b>	<b>103 130</b>

### 20. Other income of the business activities

Production of thermal energy	15 638	-	22 251	-
Leasing out premises	23 146	26 247	32 934	37 346
Revaluation reserves of long-term investments	5 698	5 998	8 108	8 534
Revaluation of finished goods	-	94 991	-	135 160
Income from selling or buying currencies		83	-	118
Other income (655, 819)	231	46	329	65
<b>Total</b>	<b>44 713</b>	<b>127 365</b>	<b>63 621</b>	<b>37 346</b>

#### <sup>1</sup> Income from leasing out premises

	2011	2010
Income	29 050	32 556
Depreciation of leased out premises	-5 904	-6 309
	<b>23 146</b>	<b>26 247</b>

#### <sup>2</sup> The result of selling or buying currencies

	2011	2010
Income	6	108
Expenditures	-458	-357
	<b>-452</b>	<b>-249</b>

### 21. Other expenditures from the business activities

Losses from selling or buying currencies 2	452	249	643	354
Write-off of building pulling down project	0	6 356	0	9 044
Write-off of hopeless debtors	A@G Invest 2281Ls ProVacuum 1477Ls	3 758	2 024	5 347
Reserves for doubtful debtors	Inze Plus 942Ls	942	2 791	1 340
Late payment money	80	-	114	-
Funeral allowances	100	-	142	-
Other expenditures	3 232	5 774	4 599	8 216
<b>Total</b>	<b>8 564</b>	<b>17 194</b>	<b>12 185</b>	<b>24 465</b>

### 22. Other interest and similar income

Bank interest income	-	104	-	148
<b>Total</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>148</b>

### 23. Real property tax

	<b>3 725</b>	<b>3 909</b>	<b>5 300</b>	<b>5 562</b>
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## Appendixes to the annual report

### 4. Overall information

	<b>2011</b>		<b>2010</b>	
<b>24. Average number of employees in the year</b>				
Average number of employees	<b>16</b>		<b>16</b>	
	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
<b>25. Total expenditures on staff</b>	<b>96 935</b>	<b>137 926</b>	<b>84 983</b>	<b>120 920</b>
- salary	78 245	111 333	68 599	97 608
- State social security obligatory payments	18 690	26 593	16 384	23 312
- included:				
Administration salary				
- salary	40 074	57 020	34 138	48 574
- State social security obligatory payments	9 654	13 736	8 224	11 702
- total	<b>49 728</b>	<b>70 756</b>	<b>42 362</b>	<b>60 276</b>

### 26. Taxes, payments and state social security obligatory payments

	(+) a debt (-) overpayment		(+) a debt (-) overpayment		
	<b>31.12.2010.</b>	<b>Calculated</b>	<b>Paid</b>	<b>LVL 31.12.2011.</b>	<b>EUR 31.12.2011.</b>
<b>Value added tax</b>	<b>8 165.39</b>	47 066.76	52 490.70	<b>2 754.49</b>	<b>3 919</b>
Correction of pretaxes, VAT year declaration		13.04			
Late payment money		9.3	9.30		
<b>Personal Income tax</b>	<b>1 118.36</b>	15 210.63	14 735.54	<b>1 593.45</b>	<b>2 267</b>
Late payment money		28.77	28.77		
<b>State social security obligatory payments</b>	<b>2 232.02</b>	27 223.09	26 499.98	<b>2 955.13</b>	<b>4 205</b>
Late payment money		42.08	42.08		
<b>Operation tax of vehicles</b>		213.00	213.00		
Late payment money					
<b>Business motor vehicles tax</b>		588.00	403.00	<b>185.00</b>	<b>263</b>
Late payment money					
<b>Tax of risk of the business activity</b>	<b>4.25</b>	49.00	50.68	<b>2.57</b>	<b>4</b>
Late payment money		0.07	0.07		
<b>Natural resources tax</b>	<b>78.81</b>	65.43	78.92	<b>65.32</b>	<b>93</b>
Late payment money					
<b>Real estate tax</b>	<b>-</b>	3 725.17	3 725.17		
<b>Total:</b>	<b>11 598.83</b>	<b>94 234.34</b>	<b>98 277.21</b>	<b>7 555.96</b>	<b>10 751</b>
<b>Overpayment of taxes</b>					
<b>Debts of taxes</b>	<b>11 598.83</b>			<b>7 555.96</b>	<b>10 488</b>
Calculated/paid late payment money		<b>80.22</b>	<b>80.22</b>		

### Information on the payments to the auditor in the reporting year

#### Auditing firm "LIKKONS un AR"

1. For the audit of the report of 2011 in Ls- **600.00**

Other remuneration to the Company of certified auditors who did the revision of the financial report wasn't paid

The annual report is approved and signed from page 1 to page 23.

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Alektina Struleviča

Member of the Board

Aleksandrs Ančevskis

**A SUMMARY CARD of WRITE-OFF CALCULATIONS OF DEPRECIATION OF  
FIXED ASSETS AND INTANGIBLE INVESTMENT'S VALUE  
(taxation period: 01.01.2011.-31.12.2011.)**

**LVL**

Category	Depreciation rate, %	Category's corrected value at the end of the taxation period	Residual value at the beginning of the taxation period	Purchased	Excluded	Residual value from which depreciation of the taxation period is calculated	Sum of depreciation in the taxation period	Accrued depreciation for taxes	Residual value after deduction of depreciation of the taxation period
1	2	3	4	5	6	7	8	9	10
I	10%	82 014	21 979			21 979	2 198	59 791	19 781
III	70%	33 835	-	410	-	410	287	33 712	123
A/m	30%	19 635	4 714	-	-	4 714	1 414	16 335	3 300
IV	40%	250 374	835	2 537	-	3 372	1 349	248 351	2 023
<b>TOTAL</b>		<b>385 858</b>	<b>27 528</b>	<b>2 947</b>		<b>30 475</b>	<b>5 248</b>	<b>358 189</b>	<b>25 227</b>

**Chairman of the Board**

**Vladimirs Cadovičs**

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**Aleksandrs Ančevskis**



# INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS "Rīgas juvelierizstrādājumu rūpnīca"

## Report on the Financial Statements

We have audited the accompanying financial statements of AS "Rīgas juvelierizstrādājumu rūpnīca" set out on pages 6. to 23. of the accompanying annual report, which comprise the balance sheet as of 31 December 2011 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS "Rīgas juvelierizstrādājumu rūpnīca" as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

## Report on Other Legal and Regulatory Requirements

We have read the management report for 2011 set out on pages 3. to 4. of the accompanying annual report for 2011 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2011.



Aivars Rutkis

Certified auditor of Latvia, Certificate No.18

Dainu iela 5-9, Dobeles nov., LV-3701  
27.03.2012.